

**United States Bankruptcy Court
Eastern District of Tennessee (Greeneville)**

In re

Appalachian Oil Company, Inc.

Debtor-in-Possession.

Case No. 09-50259

Chapter 11

**OBJECTION TO FEES OF WHITEFORD, TAYLOR & PRESTON L.L.P.
ATTORNEYS FOR THE UNSECURED CREDITORS COMMITTEE AND
RESERVATION OF RIGHTS**

The U.S. Trustee, by and through counsel, has begun his review of the first interim fee application of Whiteford, Taylor & Preston L.L.P.. From the first impression of the review, it is clear that an in-depth study of the application will be necessary in order to determine the overall reasonableness, benefit and necessity of the fees. Some observations are as follows:

In reviewing the application, the descriptions of services are at times so vague that it is impossible to determine what exactly the professional was doing. Take for instance, the very first entry on February 25, 2009, which preceded their employment, where B.C. Strickland billed 2 hours (\$966) for “work on reorganization issues,” and “trade DIP emails and going forward issues” on March 15, 2009 (\$526). Some of the entries are “lumped” with several activities, which makes review of services very difficult. As an example, the following entries are listed: 13470934- 3.2.09; 13477613- 3/5/09; and 13586383- 5/29/09.

The rates for the attorneys are much higher than legal professionals in the vicinity of this Chapter 11 case who are as experienced and qualified to serve as counsel for the

unsecured creditors committee. Generally, fees in East Tennessee are not in excess of \$300 per hour for experienced and capable attorneys who practice in the field of complex bankruptcy law, including representation of unsecured creditors committees in large Chapter 11 cases.

The committee is accorded the right to employ counsel to represent their interest in the case. But the unsecured creditors committee's professionals must show that their services are necessary and reasonable and that it benefits the estate just as counsel for the debtor-in-possession. Certainly this law firm appears to have provided adequate services to the committee. However, there is no indication that the demands of this case or the issues involved are so great or complex that higher rates that are charged by qualified attorneys in East Tennessee are justified.

Though this is by no means a complete assessment of the application of Whiteford, Taylor & Preston L.L.P.'s application, it is meant to raise issues that may be important to the final evaluation and approval of their fees as this case concludes.

Wherefore, the United States Trustee requests that his right to object to the fees of Whiteford, Taylor & Preston L.L.P., be reserved until the final application has been filed, and that the Court require a hold-back of at least twenty-five percent until the final application has been approved.

Respectfully submitted,

**Richard F. Clippard, United States Trustee
Region 8**

/s/ Patricia C. Foster

**Patricia C. Foster, Bar No. 012970
Attorney for U.S. Trustee**

Howard H. Baker, Jr. U.S. Courthouse
800 Market Street, Suite 114
Knoxville, TN 37902
(865) 545-4324

CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing Objection was sent by U.S. Mail, properly addressed with correct postage, or by electronic filing, to each of the following:

Brent C. Strickland
John F. Carlton
Stephen B. Gerald
Seven Saint Paul Street
Baltimore, Maryland 21202

FROST BROWN TODD, LLC
John F. Teitenberg
424 Church Street, Suite 1600
Nashville, Tennessee 37219-2308

Douglas L. Lutz
2200 PNC Center
201 East Fifth Street
Cincinnati, Ohio 45202

Appalachian Oil Company, Inc.
P.O. Box 1500
Blountville, TN 37617-1500

Mark S. Dessauer
Hunter, Smith & Davis
1212 North Eastman Road
P. O. Box 3740
Kingsport, TN 37664

Done this sixth day of July, 2009.

/s/ Patricia C. Foster
PATRICIA C. FOSTER
Attorney for U.S. Trustee